



Eureka Recycling is a nonprofit organization, created by the Saint Paul Neighborhood Energy Consortium, that specializes in recycling and waste reduction and manages Saint Paul's recycling program. Our mission is to reduce waste today through innovative resource management and to reach a waste-free tomorrow by demonstrating that waste is preventable not inevitable. We believe that our resources are valuable—like gold—and our goal is to provide you with an opportunity to conserve them.

## True Recyclers Save Recycling

By Ruth Lorenz

Almost overnight, New York City's recycling program went from being the ugly duckling of the city's budget to a potentially profit-generating endeavor. For years, New York paid large waste hauling companies tens of millions of dollars a year to collect recycling from its residents. Last summer, the city decided that the program was too expensive and suspended the collection of glass, cans and plastic bottles. People in Saint Paul and across the country worried that their own communities might cut back on recycling due to budget pressures. Some people questioned whether recycling was worthwhile at all.

But then a New Jersey-based scrap metal dealer, Hugo Neu Corporation, made it clear that residential recycling materials are valuable. Rather than charging for processing, they offered to pay the city \$5.15 a ton for plastic bottles and metal. The nearest competing bid, from a large publicly held waste company, would have charged the city \$67 a ton to process the material. Now New York is planning to resume recycling of metal and plastic bottles in July 2003 and is considering bids to add glass as well, proving that recycling can be not only environmentally successful, but also economically attractive. What explains this dramatic reversal? It has to do with the different motivations of waste haulers and true recyclers.

### Recyclers See Gold at the Curb

True recyclers, on the other hand, see value in the materials they pick up at the curb, and it is in their interest to reclaim as much material as possible for recycling. Eureka Recycling co-president Tim Brownell explains, "As a not-for-profit recycling company, we look at the total system costs for handling recyclable materials. By collecting more at the curb and capturing the greatest value for it, recyclers can offset a significant portion of the cost of collection. This approach reduces costs for services to levels lower than if the materials were handled as garbage." Unlike haulers, recyclers view landfilled material as a failure, not as a revenue source. "Anything the recyclers throw away comes directly off their profit line," Eureka Recycling co-president Susan Hubbard said. She points out that large waste haulers make about five times as much from disposal as from recycling.

### Viewpoints on Recycling

Do the waste haulers who pick up garbage see the value in recycling? We've gathered the perspectives of recyclers in Michigan, Colorado and right here in Saint Paul related to the events in New York and the difference between waste haulers and recyclers.

Melinda Uerling, executive director of Recycle Ann Arbor in Michigan, points out that disposal companies see little difference between fees for trash service and fees for recycling service. "Waste hauling companies see recycling as a service contract, with no inherent value to the materials," Uerling said. "It is just another way to collect trash—and in their minds, it is trash, and the money is in trash—hauling it and burying it in the landfills they own."

Investment analysts point out that increased recycling threatens the disposal industry. Morgan Stanley Dean Witter wrote in a 1999 report, "Although the publicly traded waste companies derive a very small portion of their revenues from it, recycling is primarily seen as a competitive threat because it steals volumes away from landfills" (U.S. Investment Research: Environmental Services, April 28, 1999, pg. 1). Waste haulers are financially motivated to promote waste, not recycling.

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Eric Lombardi, executive director of the Colorado-based recycler Eco-Cycle, agrees that profits from trash collection tend to stop haulers from supporting recycling. “The status quo of collecting everything as trash and compacting it into a truck and driving it to a landfill is an immensely profitable business. The hauler gets at least \$150 a year from every home. There is no incentive to change, especially when you consider that recycling has a much lower profit margin for them than disposal.”

### **Nonprofits Add to Recycling Success**

It’s not surprising that recycling is expensive when it’s run by companies that are more interested in landfilling. But independent and nonprofit recyclers in communities across the nation are demonstrating that recycling really is cheaper than disposal.

Nonprofit recyclers, such as Eureka Recycling, Recycle Ann Arbor and Eco-Cycle, combine the advantages of a true recycler—an interest in making recycling more successful than disposal—with the advantages of a nonprofit organization—mission-driven activities that invest all profits back into the community. While other cities are cutting their recycling programs, these organizations are increasing services to residents.

Eco-Cycle, a nonprofit recycler in Boulder, Colorado, runs a processing facility and numerous drop-off sites in Boulder County and provides extensive public education and some commercial collection. The organization has a tradition of collecting a new material at its drop-off sites every year and finding a market for it as part of its mission to “transform the throw-away society.” Still, Eco-Cycle needs a source of revenue to support its growing recycling program and outreach efforts. “For our services, we charge fair market rates, but what others call profit we call resources to support our education efforts,” Lombardi said.

Recycle Ann Arbor is a nonprofit organization that operates curbside recycling services for all residents of Ann Arbor, Michigan and also staffs a drop-off site. RAA has gradually been increasing the amount of materials accepted at its drop-off site, including materials that aren’t profitable, such as electronics, batteries, textiles, fluorescent bulbs and video tapes. Nevertheless, the organization has consistently offered the lowest bid to the city in competitive bid cycles with for-profit companies. Executive Director Melinda Uerling explains, “The major waste hauling companies are publicly traded, for the most part, and

face pressures from investors and Wall Street to meet certain profit margins and returns on investment. In our community, nonprofit involvement has meant program solvency and sustainability. The for-profit community has largely pulled out of the smaller communities, leaving a handful of communities with poorly-performing subscription-based programs that are offered only as a service bundled with refuse collection and hauling services.”

In Saint Paul, Eureka Recycling continues to improve the recycling program while holding costs steady. Residents here are charged only \$22 a year per household for recycling, collected through property taxes, and Eureka Recycling has agreed to hold the per-ton cost to the city steady for ten years until 2013. At the same time, Eureka Recycling is making plans to bring residents weekly collection, curbside collection of plastic bottles and curbside collection of organic materials in the coming years. Eureka Recycling is making these changes possible by collecting recycling in its own trucks rather than contracting with a waste hauler. Instead of pocketing those profits, Eureka Recycling is using them to add services.

### **Let Recycling Prove Itself**

According to nonprofit recyclers with over 50 years of accumulated experience, recycling has the best chance to be successful if it is done by organizations that are truly interested in recycling as much material as possible. You can pay trash haulers to pick up your recycling, but you can’t make them care about recycling. “Recycling will fail if recyclables become just an element of trash collection,” according to Uerling. “Programs will be more expensive with less service and fewer materials.” Independent recyclers, and especially nonprofit recyclers, have incentives to demonstrate that recycling can save money at the same time that it saves energy and natural resources. Before cutting any part of a recycling program, a community should make sure that recycling has actually had a chance to prove itself.

For more on New York City’s recycling program, see “Gold in Them Thar Tin Cans?” Kirk Johnson, *New York Times*, Jan. 11, 2003, pg. A15.

To read more about trends in the recycling industry, see “Fighting Waste Industry Consolidation with Local Ownership of Recycling Facilities,” Peter Anderson et. al, Institute for Local Self-Reliance, Washington, DC, 2002, online at <http://www.ilsr.org/recycling/ftao/ftao.html>.